



## OFFICE OF HOMELAND SECURITY

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### GRANT MANAGEMENT MEMORANDUM (GMM)

2008-043-R

Date: December 23, 2008  
To: All Office of Homeland Security (OHS) Grantees  
From: Grants Management Division  
RE: Bond Funded Infrastructure Projects Suspended

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As of December 15, 2008, all Proposition 1B funding will be suspended until further notice. The State will only make reimbursement for those costs that were incurred prior to this date.

The State's Pooled Money Investment Board (PMIB), which provides loans both to bond-funded infrastructure projects and to the state general fund, has voted to stop funding infrastructure projects.

The Department of Finance indicates that any transit agency who anticipates receiving a loan from the PMIB over the next few weeks should suspend all contracts or expenditures that would cause the loan to be needed. In the case of bond expenditures in the State of California we receive an operating loan from the Pooled Money Investment Account (PMIA) to handle the cash flow needs of bond funded special funds and then when the expenditure is certified the bonds are actually sold to support the fund and repay the loan. In the case of Proposition 1B funding at OHS we control special funds whose only revenue source is bond funding; therefore these special funds are reliant on the PMIA for loans to stay afloat.

The PMIB wants to preserve the resources necessary to keep schools, public safety, health care and other priority services operating. Funding from the PMIA will not be available until a budget solution is enacted and the state can sell bonds again. The PMIB's action will: stop new infrastructure loans; bar increases to existing loans; and generally prohibit transit agencies from spending any more funds under existing loans, through June 2009.

The specific grant programs that are affected are the following:

- FY 07/08 Intercity Passenger Rail/Commuter Rail Systems – 15%
- FY 07/08 California Transit Security Grant Program – 60%
- FY 07/08 Regional Public Waterborne Transit – 25%
- FY07/08 California Port and Maritime Security Grant Program
- FY08/09 Intercity Passenger Rail/Commuter Rail Systems – 15%
- FY08/09 California Transit Security Grant Program – 60%
- FY08/09 Regional Public Waterborne Transit – 25%
- FY08/09 California Port and Maritime Security Grant Program

We apologize in advance for the potential inconvenience this may cause. Again, OHS will continue to accept reimbursement requests for the time period prior to December 15, 2008.

For further information or assistance, please feel free to contact your OHS regional representative.

Sincerely,

Brendan A. Murphy  
Deputy Director